

Exhibit ____ (RCS-1)
Adjustments Sponsored by Navy Witness Ralph C. Smith

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GridSouth RTO Costs
(Thousands of Dollars)

Line No.	Description	Amount	Reference
I. Rate Base Adjustment			
1	SCE&G proposed	\$ 7,048	SCE&G Exhibit D-11, page 3
2	Recommended	\$ -	Testimony
3	Adjustment	\$ (7,048)	Line 2 - Line 1
4	Retail allocation	92.96%	Reponse to Staff Info Request 1-62
5	Retail electric adjustment	\$ (6,552)	Line 3 x Line 4
II. Operating Expense Adjustment			
6	SCE&G proposed	\$ 2,819	SCE&G Exhibit D-11, page 3
7	Recommended	\$ -	Testimony
8	Adjustment	\$ (2,819)	Line 7 - Line 6
9	Retail allocation	93.69%	Reponse to Staff Info Request 1-62
10	Retail electric adjustment to O&M expense	\$ (2,641)	Line 8 x Line 9
11	State tax	5% \$ 132	Reponse to Staff Info Request 1-62
12	Federal tax	35% \$ 878	Reponse to Staff Info Request 1-62
13	Net impact	\$ (1,631)	Lines 10 through 12

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Fossil Fuel Inventory

Line No.	Description	Based on SCE&G Originally Proposed Amount (A)	Based on SCE&G Revised Amount (B)	Reference
	Recommended			
1	Coal	\$ 21,786,644	\$ 22,220,063	Page 2 of 2, Col.G
2	Oil	\$ 5,158,142	\$ 5,158,142	Page 2 of 2, Col.H
3	Total recommended allowance	\$ 26,944,786	\$ 27,378,205	Page 2 of 2, Col.I
4	SCE&G Proposed	\$ 50,284,726 [B]	\$ 40,634,871 [C]	
5	Adjustment	\$ (23,339,940)	\$ (13,256,666)	
6	Retail allocation	93.08%	93.08%	Note A
7	Retail adjustment	\$ (21,724,816)	\$ (12,339,305)	

Notes

[A] Retail allocation
Per SCE&G Exhibit D-VI, page 1, line 2

A.1	Retail adjusted	\$ 46,806,000	
A.2	Total adjusted	\$ 50,285,000	
A.3	Retail allocation	93.08%	A.1 / A.2

Also see SCE&G's response to Staff data request 1-62

[B] SCE&G Ex D-VI, p.1, L.3

[C] SCE&G revised Adjustment #19 dated August 27, 2004

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Fossil Fuel Inventory

Line No.	Month	Coal Inventory Tons (A)	Avg Cost (B)	Forecasted Days Burn (C)	Maximum Drawdown Days Supply (D)	Oil Inventory Gallons (E)	Avg Cost (F)	Coal Inventory Cost (G)	Oil Inventory Cost (H)	Total (I)
1	Apr-03	980,403	\$ 41.4969	54	43	5,239,035	\$ 0.9934	\$ 29,217,710	\$ 4,866,092	\$ 34,083,802
2	May-03	959,188	\$ 41.6630	53	42	5,781,599	\$ 0.9684	\$ 27,559,732	\$ 5,050,856	\$ 32,610,588
3	Jun-03	902,470	\$ 42.6188	50	39	5,277,633	\$ 0.9364	\$ 26,648,060	\$ 4,565,688	\$ 31,213,748
4	Jul-03	697,734	\$ 43.2490	39	30	5,537,317	\$ 0.9243	\$ 20,440,328	\$ 4,787,424	\$ 25,227,752
5	Aug-03	622,559	\$ 43.1927	35	27	5,548,037	\$ 0.9238	\$ 19,747,031	\$ 4,760,421	\$ 24,507,452
6	Sep-03	634,669	\$ 43.4852	35	28	5,426,077	\$ 0.9243	\$ 21,410,543	\$ 4,683,922	\$ 26,094,465
7	Oct-03	707,019	\$ 42.5952	39	31	6,234,684	\$ 0.9152	\$ 24,948,056	\$ 5,374,184	\$ 30,322,240
8	Nov-03	697,917	\$ 42.7313	39	30	6,393,601	\$ 0.9144	\$ 25,453,324	\$ 5,530,009	\$ 30,983,333
9	Dec-03	644,218	\$ 43.4030	36	28	6,148,220	\$ 0.9012	\$ 23,569,627	\$ 5,222,206	\$ 28,791,833
10	Jan-04	453,790	\$ 43.7888	25	20	5,645,561	\$ 0.9300	\$ 16,500,740	\$ 5,151,593	\$ 21,652,333
11	Feb-04	427,948	\$ 44.5862	24	19	6,263,412	\$ 0.9412	\$ 15,222,209	\$ 5,883,980	\$ 21,106,189
12	Mar-04	494,925	\$ 44.4002	27	22	5,805,269	\$ 0.9584	\$ 15,923,397	\$ 6,021,333	\$ 21,944,730
13	Average	685,237	\$ 43.1009	38	30	5,775,037		\$ 22,220,063 to page 1	\$ 5,158,142 to page 1	\$ 27,378,204 to page 1

Notes and Source

Cols A-F:

SCE&G's Response to Staff information data request 1-46

Cols. G-I:

SCE&G's Response to Staff information data request 1-62

Adjustment #19, Average Fuel Inventory per Books. See Note C for SCE&G Revision to October 2003 Coal amount.

[A] Comparative Information

SCE&G proposed total cost and average tons

	Original	Revised	
A.1 Total cost	\$ 45,126,583	\$ 35,476,729	
A.2 Average tons	925,000	708,333	
A.3 Average cost/ton	\$ 48.79	\$ 50.08	A.1 / A.2
A.4 Test year cost/ton	\$ 43.10	\$ 43.10	Line 13
A.5 Increase over TY	\$ 5.69	\$ 6.98	A.3 - A.4
A.6 Percent increase	13.2%	16.2%	A.5 / A.4

Increase in inventory quantity over actual test year:

A.7	tons	239,763	23,096	A.2 - Line 13, Col.A
A.8	percent	35%	3%	A.7 / Line 13, Col.A

[B] SCE&G's Response to Staff information data request 1-62

[C] Col. G, October 2003, Coal Inventory Amount:

C.1	Per SCE&G's original filing and response to Staff 1-62:	\$ 19,747,031	
C.2	Per SCE&G's August 27, 2004 Revision	\$ 24,948,056	
C.3	Difference	\$ 5,201,025	
C.4	Impact on average	\$ 433,419	C.3 / 12 months
C.5	Test year average, as filed by SCE&G	\$ 21,786,644	
C.6	Test year average, as Revised by SCE&G	\$ 22,220,063	

Maximum drawdown methodology, coal requirements are approximately 23,000 tons per day, per SCE&G's response to Staff data request 1-47.

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Long Term Disability (FAS 112) Amortization

Line No.	Description		Amount	Reference
1	Total FAS 112 Accrual		<u>\$ 11,004,380</u>	[A] and [B]
2	Electric Portion per SCE&G		\$ 8,280,470	[A]
3	SCE&G proposed amortization period, years		<u>5</u>	[A]
4	SCE&G proposed expense		\$ 1,656,094	[A]
5	Retail Electric Portion		<u>95.35%</u>	[A]
6	SCE&G proposed retail electric expense		<u>\$ 1,579,086</u>	[A]
7	Adjustment to SCE&G proposed amount		<u>\$ (1,579,086)</u>	
8	State tax	5%	\$ 78,954	[A]
9	Federal tax	35%	<u>\$ 525,046</u>	[A]
10	Net impact		<u>\$ (975,086)</u>	Lines 7 through 9

[A] SCE&G Reponse to Staff Info Request 1-62

[B] SCE&G Reponse to Staff Info Request 1-52

Long Term Disability at 3/31/04	Amount
Other Regulatory Assets	\$ 11,004,000
Other Deferred Credits	\$ (11,004,000)
Net	\$ -

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Account 924, A&G Expense, Property Insurance

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Line No.	Description	Amount	Reference
1	March 2004 Annualized	\$ 3,171,153	Page 2
2	Test Year Recorded	\$ 3,325,963	SCE&G General Ledger
3	Adjustment to O&M Expense	\$ (154,810)	Line 1 - Line 2
4	Retail Electric Portion	95.80%	Note A
5	Adjustment to Retail Electric Expense	\$ (148,308)	Line 3 x Line 4
6	State tax 5%	\$ 7,415	[B]
7	Federal tax 35%	\$ 49,313	[B]
8	Net impact	\$ (91,580)	Lines 5 through 7

Notes and Source

[A] Retail Electric Allocation Factor based on Gross Plant in Service			
		(\$000)	
A.1	Retail Electric Gross Plant in Service	\$ 5,739,629	SCE&G Ex D-IV
A.2	Total Electric Gross Plant in Service	\$ 5,991,342	
A.3	Retail Electric Percentage	95.80%	
[B] SCE&G Reponse to Staff Info Request 1-62			

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Account 9240000 A and G Property Insurance

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Line	Month	Billings and Allocations	SFS Transfer	Fossil-Hydro	Industrial	Nuclear	PSA Contra	Retail Electric	Total
				Net	Billings and Allocations	Billings and Allocations	VCS Joint Ownership	Billings and Allocations	
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	April-03	\$ 195,028	\$ (1,837)	\$ 193,191	\$ 9,785	\$ 24,439	\$ (3,112)	\$ 23,350	\$ 247,653
2	May-03	\$ 175,350	\$ (1,804)	\$ 173,546	\$ 10,063	\$ 167,848	\$ (50,779)	\$ 23,945	\$ 324,623
3	June-03	\$ 183,944	\$ (2,145)	\$ 181,799	\$ 9,842	\$ 96,031	\$ (26,946)	\$ 23,490	\$ 284,216
4	July-03	\$ 183,944	\$ (1,910)	\$ 182,034	\$ 9,842	\$ 96,031	\$ (26,946)	\$ 23,490	\$ 284,451
5	August-03	\$ 183,944	\$ (1,962)	\$ 181,982	\$ 9,842	\$ 96,031	\$ (26,946)	\$ 23,490	\$ 284,399
6	September-03	\$ 183,944	\$ (2,404)	\$ 181,540	\$ 9,842	\$ 96,031	\$ (26,946)	\$ 23,490	\$ 283,957
7	October-03	\$ 183,944	\$ (2,488)	\$ 181,456	\$ 9,842	\$ 96,031	\$ (26,946)	\$ 23,490	\$ 283,873
8	November-03	\$ 179,420	\$ (2,564)	\$ 176,856	\$ 7,490	\$ 90,895	\$ (26,834)	\$ 17,433	\$ 265,840
9	December-03	\$ 179,420	\$ (3,044)	\$ 176,376	\$ 7,490	\$ 90,895	\$ (26,834)	\$ 17,433	\$ 265,360
10	January-04	\$ 181,636	\$ (2,862)	\$ 178,774	\$ 8,274	\$ 91,982	\$ (26,834)	\$ 19,029	\$ 271,225
11	February-04	\$ 179,420	\$ (2,585)	\$ 176,835	\$ 7,490	\$ 90,895	\$ (27,001)	\$ 17,433	\$ 265,652
12	March-04	\$ 177,547	\$ (1,942)	\$ 175,605	\$ 7,412	\$ 90,787	\$ (26,834)	\$ 17,251	\$ 264,221
13	Rounding				\$ (4)	\$ (3)	\$ (1)		\$ (8)
14	Employee airline travel					\$ 501			\$ 501
15	Totals	\$ 2,187,541	\$ (27,547)	\$ 2,159,994	\$ 107,210	\$ 1,128,394	\$ (322,959)	\$ 253,324	\$ 3,325,963
16	March 2004	Line 12							\$ 264,221
17	Annualized	Line 16 x 12 months							\$ 3,170,652
18	Add employee airline travel	Line 14							501
19	Adjusted annualized	Lines 17 + 18							\$ 3,171,153
20	Adjustment	Line 19 - Line 15							\$ (154,810)

Notes and Source

SCE&G General Ledger detail for test year ending March 31, 2004, Account 924

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New Internal Positions for Compliance with New NERC Standards

Line No.	Description	Amount	Reference
1	SCE&G proposed expense for 8 new positions to comply with new NERC standards	\$ 870,000	[A]
2	Retail electric allocation	<u>94.12%</u>	[A]
3	Adjustment to reduce SCE&G's proposed retail electric expense	<u>\$ 818,844</u>	Line 1 x Line 2
4	State tax 5%	\$ (40,942)	[A]
5	Federal tax 35%	<u>\$ (272,266)</u>	[A]
6	Net impact	<u>\$ 505,636</u>	Lines 3 through 5

[A] SCE&G's response to Staff 1-62, Adjustment 13C

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Other Major Maintenance Expense Levelization

Line No.	Description	Nominal Dollar Amount	Net Present Value Factor	Discounted Net Present Value Amount
		(A)	(B)	(C)
	SCE&G Projected Other Major Maintenance Expense Accruals			
	<u>Year</u>			
1	2005	\$ 5,838,255	0.90909091	\$ 5,307,505
2	2006	\$ 9,138,472	0.82644628	\$ 7,552,456
3	2007	\$ 10,148,739	0.75131480	\$ 7,624,898
4	2008	\$ 5,719,498	0.68301346	\$ 3,906,494
5	2009	\$ 5,876,249	0.62092132	\$ 3,648,688
6	Average annual amount	<u>\$ 7,344,243</u>		\$ 5,608,008
7	SCE&G Proposed Annual Amount			<u>\$ 8,463,910</u>
8	Adjustment			\$ (2,855,902)
9	Retail Electric Portion			<u>93.08%</u>
10	Adjustment to Retail Electric Expense			<u>\$ (2,658,273)</u>
11	State tax		5%	\$ 132,914
12	Federal tax		35%	\$ 883,876
13	Net impact			<u>\$ (1,641,483)</u>

Notes and Source

Col.A: SCE&G response to Staff information request 1-62, Adjustment #5
Col.B: NPV Factor based on discount rate 10%
Col.C: Col.A x Col.B

Line 9: SCE&G response to Staff information request 1-62, Adjustment #5

L 11&12: SCE&G response to Staff information request 1-62, Adjustment #5